Copying Records
The Saga Continues

By Rose Dunn, RRA, CPA, FACHE

State after state has established fixed reimbursement for medical record copying. Unfortunately, in many states, the reimbursement is significantly below the cost to make the copies. And why has regulation continued to expand like wildfire? Many of us are not truly certain. Are legal fees regulated? No. If your CPA or attorney makes copies of their files, do we have regulations limiting their charges? No. Has there really been a Paperwork Simplification?

Why are medical record photocopies regulated? One colleague says it's because healthcare organizations represent a single source of the patient's medical record. If this is the basis, maybe the regulation should be such that it requires each organization to provide one copy free to the patient as part of the organization's case cost. Insurers and attorneys can ask their clients for copies.

This alternative, however, will not be acceptable. After all, who will prepare copies of only certain pages and affidavits as to the authenticity of the record as it relates to the business record rule? Who will store it in such a way that it will not be destroyed, tattered, or lost and ensure its availability regardless of the patient's presence in that state, alive, or otherwise? Who will respond to depositions to read the physicians' handwriting? No…is there really a need to answer why it is that healthcare organizations must charge more for the photocopies? Perhaps.

Many readers may recall my article "Copying Records: How Much Does it Really Cost?" (*For the Record*, May 4, 1992) in which I used the analogy of copying documents at the library or a commercial copy center. These are the places where we, the consumers, identify the item(s) we want copied and do the work ourselves. But in a healthcare facility, it's different. In this setting, we receive requests for copies from many persons, only a small percentage of whom are the original consumers of care. We must question whether the requestor has the right to have the copy, and validate the request. Then we must locate and retrieve the document, log and copy it, prepare the copy for mailing, and, finally, refile the record.

WHAT'S INVOLVED

The level of effort involved in meeting copying requests varies depending on whether the record is incomplete or complete; complete and on site or complete and stored off-site; or in hard copy or on microfilm or in those still few cases, stored in juke boxes.

The Search Process

1. A request is received. A determination is made as to the validity of the request and the signature of the requestor if the request is signed by the appropriate party given such factors as the patient's age and custodial rules. The request must be signed within a reasonable time period, and after the service for which the copies are being requested was rendered. The request must be directed to the organization and the data to be released must be identified. Lastly, the request must be logged in.
2. Identify patient's number
    a. Sort authorizations by alphabet if MPI (master patient index) is in alpha order.
    b. Look up patient in MPI. Typically, the last 10 to 15 years may be on the automated MPI system; prior to that time the MPI may be in card format and shelved/stored somewhere else, or MPI may be on fiche or roll film.
    c. Determine location for record (is date of service a date that is still in hard copy, or on microfilm, or at offsite location); (if record is in hard copy, is it in permanent file or in an incomplete processing stage)
    d. Write medical record number and location on request (or worksheet)

1. If records are not centralized, list all locations where portions of the record may be found (inpatient file area, outpatient file area, ER file, Radiology, Physical Therapy, Laboratory, Occupational Therapy, Home Health, etc.)

3. Identify the patient. Has he or she really been here? When? As an inpatient? As an outpatient? Just here for a lab test? How long ago?

4. Find the record. This is the real challenge. The steps described in the sidebar "Search for Record" are general in nature but other issues are related to finding the record. Is the record out of the department---offsite storage, being microfilmed, at another care site?

5. Figuring out what to copy. The record must be compared to the request and it may have items in it that require additional authorizations. If so, the additional authorization (permissions) must be sought.

6. Scanned Records. Some facilities are fortunate enough to have converted their paper records to optically scanned images that can be accessed from a PC or PC network. This makes retrieval easier because both retrieval and photocopying can be done from the same workstation. Cost of printing documents on a laser printer may be more expensive than on a regular copier machine, but is probably the same or less expensive than from the microfilm reader-printer.

7. Logging the request completion. If the patient really was not at the facility, the request must still be logged out.

8. Invoicing for copies. Not all requests may be invoiced. This differs based on organization policy. However, if invoicing is required, then the effort involved includes preparing the invoice, calculating the charges including postage, documenting items copied, and printing the invoice.

9. Preparing the mailing. Choose appropriate envelope size, prepare, the label, and apply correct postage. What size? How much? Postage application may be done by the release of information staff or by a central postal center.

In the meantime, you are answering phone calls, preparing litigation cases (including numbering the pages), writing cover letters, authenticating the completeness of the record, responding to depositions and subpoenas, calling for additional information, and taking care of visitors/requestors who arrive at your office.

The level of effort for the organization differs depending on whether the facility manages the release of information function or contracts this activity to a copy service.

ADVANTAGES AND DISADVANTAGES OF OUTSOURCING

Obviously, there are advantages and disadvantages for the organization that chooses to outsource its release of information function. The degree of excellence of the service reflects on the department because to the consumer, the provider of the service is usually transparent. For management, it's one less activity to worry about and allows the department to eliminate FTEs from its payroll. The organization often is not responsible for providing the equipment needed to do the job. While these are a few of the reasons why a facility outsources, the issue is the level of effort involved. (Much has been written on the selection of a copy service. See, for example, "Choosing A Correspondence Copying Service" by Brenda Ryan, ART, in the September 13, 1993 *For the Record*.)

WHAT'S EXPECTED OF THE COPY SERVICE

From one healthcare organization to another, the extent to which the organization does their copying varies. Some organizations perform all of the above listed steps, others may perform focused functions such as copying and mailing the records. Most healthcare organizations expect the service to prepare the copies regardless of whether the service will be able to charge for the copies. That is, if the organization has established that other healthcare providers are to be given copies of records free, then the copy service is expected to do so at no charge.

Some coy services have limited the number of free copies for obvious reasons. A business cannot survive by giving all or a substantial portion of its services away for free. Depending on the

healthcare facility, the number of free copies could be substantial. Consider a tertiary car facility that treats the serious and complex condition and then refers the patient back to his or her hometown facility or physician for post hospitalization care

In addition, some copy services provide all the equipment that is needed, while many, in my opinion, have a partnership arrangement with the facility being served. That is, the hospital may permit the copy service to use its fax and microfilm reader-printer, while the copy machine and record request computer and software.

WHAT'S IN THE COST

In an attempt to update and expand upon my 1992 article, I have included current pricing as well as the valuable input from some of the thorough studies that followed my initial article. These are footnotes in the following paragraphs and charts.

Labor: Not much has changed in this arena, in my opinion. I believe we can assume a national average of $8/hour, then tack on at least 15% for payroll related taxes and another 25% for fringe benefits. Since we must assume that 10% of the time the staff will be idle, but paid, and another 50% of their time they will be absent (holidays, vacation, sick time) and paid for it, this "nonproductive paid time" factor must be considered. However, if the healthcare facility requires a credentialed HIM professional be responsible for this function {copying}, a base hourly wage of $10-$12 should be used.

Some will argue this component, but any manager will defend this position because if the staff person isn't there, someone has to do the work. It just can't sit and wait until the individual returns from a two-week vacation. So where does that put us in terms of the hourly cost:

Base:	$8.00	$11.00 (HIM)
Taxes:	1.20(15%x8)	1.65
Fringes:	2.00(25%x8)	2.75
Non-Productive:	1.20(15%x8)	1.65
Total:	$12.40/hour or $0.21/minute	$17.05($0.28)

One of the most significant cost factors, other than labor, is paper. In December 1996 we paid 66% more for paper than we did in 1993.

With the advent of office supply and computer warehouses serving the consumer market, I have adjusted the costs of PCs and copiers down from my original article. I have also taken the liberty of using the cost of the correspondence/ROI software we developed rather than the much higher cost estimate I used in 1992.

THOSE HARD TO DEFINE COSTS

Quite a few items, including telephone charges to call requestor, return calls, or to fax requested items; space expenses such as heat, light, air conditioning; retrieval fess incurred from offsite storage facilities; and administrative overhead costs (e.g., supervisory expense, payroll administration, human resources involvement; training costs such as specialized seminars, reference books; accounting/bookkeeping expenses; legal counsel guidance; depreciating expenses; sales taxes; purchasing department/receiving department support; housekeeping; etc.). Assume these total 12% which, I personally believe, is too low…but, at least we can't be criticized for being too conservative.

REASONABLE PROFIT

Is any organization entitled to a reasonable profit? Sure! Defining "reasonable" has always been the problem. Both a healthcare facility and its copy service should be entitled to some reasonable profit, if for nothing else, to help replace equipment and seek new business. If we assume that a

reasonable profit (or excess) is 10%, the cost per page is now $0.903. But there's one thing missing from the preceding calculation.

FREE COPIES…THE DILEMMA

The Ohio study identified an average of 69% billable requests. Who pays for the other 40%? Let's state some facts first:

- A copy is not requested of every patient's record;
- The most labor intensive costs (receiving, validating, and logging the request; finding the patient's number and then the record; mailing the copies; and refiling the record) are incurred regardless of whether the request is fro one page of 101 pages; so it's more than reasonable to have a front end retrieval fee that is sizable to cover these costs and a lower per page fee than the "true" per page costs we calculated above;
- After the organization locates the patient record, retrieves it, and estimates the charges, the requestor "decides" he no longer needs the copies, yet the organization has incurred the expense to do the above steps;
- Some requestors pass on the cost and possible the cost+ to their clients; and
- Some requestors who do pay, do not pay the "true cost" of copies.

If a not-for-profit healthcare entity is doing its own copying, should it absorb the shortfall of costs and only charge those requestors the "true" cost as we have estimated at $0.903/page? What happens to this shortfall? As with any cost of operating a business, it's spread to those parties who do pay. Robin Hood continues to prevail in the healthcare industry that has long been known for cost-shifting.

NONBILLABLES

What is the impact of our per page cost if we cost shift the nonbillables to this per page cost?

Total pages billable: 92820 (60%)
Total pages nonbillable: 61880 (40%)
Total pages: 154700

Cost of nonbillable: $55809 (61800*$0.903)
Total pages billable: 92820
Total additional cost for each billable page: $0.60

Total cost per billable page: $1.50

APPLYING THE COSTS TO THE EFFORT (For purposes of this article, I have used the lower $0.21/minute cost.)		
Activity	**Minutes/Time**	**Cost**
Receiving and verifying the request	3	$0.62
Logging the request	1	$0.21
MPI search for the patient	2	$0.42
Retrieving the record	19.08	$4.00
Identifying the pages to be copied	4 (paper only, inc. below)	$0.84 (paper only)
Copying time: >paper	48 seconds to start and 4 seconds per page thereafter – average 20 pages and 2 minutes 13 seconds 6.65 sec./page	1.88 minutes: (17 x 6.65/60) x 0.21 ($12.40/60 minutes) or $0.40 (+$0.84 above = $$1.24)
>microfilm	3 minutes and 35 seconds to start and 21 seconds per page thereafter – average 16 pages and 9 minutes and 8 seconds 34.25 sec./page	9.7 minutes or $2.04
>microfiche	55 seconds to start and 21 seconds thereafter – average 21 pages and 7 minutes and 58 seconds 22.75 sec./page	6.45 minutes or $1.35
Average request length: 17 pages	7.34 min. average - 17 pages (for paper inc. 4 min.)	Average labor: $1.54
Reinserting the documents copied	2	$0.42 (paper only)
Refiling the record or film	2.5	$0.53
Addressing the envelope & adding postage	3	$0.63
Billing and collection expenses	6 minutes/labor	$1.26/request or $0.07/page
Total Labor Time: **Due to rounding cannot multiply minutes by $0.21.**	**43.42 (+2)**	**$9.21 - $9.63 or $0.54 - $0.57/page**

Nonlabor Item	**Estimated Cost**	**Cost Per Page**
PC, printer and software	$5,000 or $1.240/year (4 yr. life)	$0.12 request or $0.007/page
Copier, fax machine, and microfilm reader printer	$7,400 or $1.850/year (4 yr. life)	154,700 pages/year (17 pages x 35 requests/day x 260 days/year) or $0.012/page
Service contract: copier	$680	$0.004/page
Service/maintenance on software	$100	$0.001/page
Liability insurance	$1,700	$0.01/page
Paper	$25.99/5000 pages	$0.005/page
Copier supplies: toner, drum replacement	$250/year	$0.002/page
Printer paper for invoices, cover sheets, requests for additional info., transmission letters, etc.	$37.99/case	$0.008/request or (neg./page)
10 x 13 Clasp envelopes	$17.99/box of 100	$0.18/request or $0.01/page
Miscellaneous supplies: tape, stapler, scissors, staples, paper clips, pens, mailing labels, etc.		$0.01/request or $0.001/page
Postage for 17 pages and an envelope		$1.01/request or $0.059/page
Bad debt @ 10% follow-up costs - envelopes, papers, postage	Assuming 9100 requests annually with a 60% billable or 5460: 546 bad debt or 9282 pages: $0.18/req. envelope. $0.085/req. paper. $0.32/req. postage	$319.41/all bad debt request or $0.002/page
Space		$0.07
Total Nonlabor Cost		**$0.183/page**

WHO SHOULD ABSORB THESE COSTS

I believe a reasonable distribution of the non-billable costs are:

- For continuity of care: this is a healthcare provider cost that goes to the total cost of the healthcare provider's operations. In most cases, this will be a health information department cost that should be captured as a separate line item and tracked over time.
- For insurers that have questions about the claims: This cost is a patient accounts/fiscal department cost of collection and should be captured as a separate line item and tracked over time to identify if there are items in the chargemaster that need correction or if there is a variant insurer that uses this as a technique to delay payments or for some other reason..
- For managed care organizations or insurers that have built it in their contract to "not pay for copies": It's time for all providers to stand together and tell the MCOs and other insurers to "get real!" This is a cost of the MCOs and insurers to do their business and they are shifting it to the providers. Alternatively our proposed rates should include a document fee to deliver care to their insureds. Let's look at their bottom lines and see what they believe is "reasonable profit."

- For the PRO: This is another entity that needs to come to terms with the real world. The pittance paid is beyond any logic. The work done by SMART Corporation to defend a higher reimbursement rate needs to be supported by all providers. It's time for a campaign to send letter to our congressmen and local newspapers.
- For Disability and Social Security: I have mixed feeling about these requestors. In a way, I see them as extensions of the healthcare industry. In many states they have made some reasonable accommodation to pay for the costs of the records they need to make their determinations and are generally patient and courteous to deal with. For these reasons, I'd continue to support a subsidized payment---but not 100%!
- For the patients for their own use: This is a product they are requesting; they should pay for it.
- For the patient for continued care: No charge if sent directly to the caregiver. The costs are incurred by the healthcare provider as noted in the first bulleted paragraph above.

WHERE DOES THIS LEAVE US?

Those healthcare providers with high volume and low costs will be able to provide the service for less than those who have high volume and high costs and/or low volume and high costs. The use of a copy service may enhance the provider's costs because the labor and some capital costs will be incurred by the service company. However, consideration then must be given to the nonbillables and to which party is to incur the cost of these.

So, the saga continues…

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